

Case Study: Wings vs. Breasts

Professor Steven Haider
Michigan State University

Date: 28 December 2009

The attached New York Times article ('Boneless' Wings, the Cheaper Bite, 13 October 2009) discusses the market for chicken wings and chicken breasts.

1. The article discusses two primary empirical facts: (a) wholesale wing prices rose above wholesale boneless breast prices and (b) the introduction of the 'boneless' chicken wing.
2. The basic explanation of the article for (a) is the recession: the article suggests that wings are an inferior good and breasts are a normal good. Draw the basic supply/demand diagrams to depict this situation. Does it make sense that prices for the two products could flip (going from wings being less expensive to more expensive)?
3. The article also suggests that wings and breasts are substitute goods. Show how this consideration affects the wing supply/demand analysis from 2 above.
4. The article discusses one technological change inspired in part by these price changes: the introduction of the 'boneless' chicken wing, (b) above. How would this affect the wing market if we assume that consumers think of boneless chicken wings as being perfect substitutes for regular chicken wings?
5. The article ends by speculating about a technological change that could result in cheaper wings: "chickens with four wings". Use the wing supply/demand graph to show why the claim makes sense.
6. Can we make sense of the paragraph regarding Pizza Hut and WingStreet in our analysis?

The New York Times

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

**October 13, 2009****'Boneless' Wings, the Cheaper Bite****By [WILLIAM NEUMAN](#)**

Just in time for football season, the Lion's Head Tavern in New York City stopped selling 25-cent chicken wings on Monday nights. In Tucson, a sports bar called O'Malleys on Fourth scrapped its fall special of a dozen wings on Monday nights for \$4.

And in restaurants from Sarasota to Seattle, an improbable poultry part is showing up on menus: a little chunk of chicken breast that is fried and sauced and sold, with marketer's brio, as a "boneless wing."

All this is happening because wholesale chicken prices have turned upside down. The once-lowly wing is selling at a premium over what has long been the gold standard of poultry parts, the skinless boneless chicken breast.

Like the tail that wags the dog, the wings are now flapping the chicken.

Mike Bell knows chicken prices. The logistics and purchasing manager for Buffalo Wild Wings, a national chain with about 600 restaurants, Mr. Bell will buy 57 million pounds of chicken wings this year.

Describing recent conversations with poultry processors, he said: "Basically a whole bunch of them are throwing their hands in the air and saying, 'I don't know what's going on. We've never seen it this way.'"

In seven of the last 11 months, wholesale wing prices have been higher than breast prices, a reversal in a market where breasts usually reign supreme. In September, the average wholesale price for whole chicken wings in the Northeast was \$1.48 a pound, according to the Agriculture Department. Yet skinless boneless breasts were \$1.21 a pound.

A year earlier, wings sold for 94 cents and breasts for \$1.15, and as recently as May 2008, skinless boneless breasts were selling for 57 cents more than wings.

The wholesale price shift has generally not been reflected in supermarkets, where grocers appear to be trying to preserve their margins on breast meat. Nationally on average, breasts are \$2.80 a pound at retail, still 83 cents more than wings. However, some grocers are exploiting the wholesale price drop to run aggressive sales on breasts.

The recession is the cause of the price flip-flop.

Restaurants, normally big buyers of breast meat, slashed orders as millions of people cut back on eating out, and breast prices slumped. But demand for wings has remained strong, partly because people perceived them as a cheap luxury.

Adding to the demand: the brisk growth of restaurant chains focusing on wings, like Atomic Wings, Wingstop and Wing Zone. Several chains have been remarking this year about how much business is up in the recession. The major public company in this group, Buffalo Wild Wings, reported a 27 percent earnings jump in the first half of the year.

Eventually, as the economy improves, wing and breast prices may return to their traditional places. But for now, the triumph of wings over breasts has wing partisans celebrating.

"Everybody was into breasts because it's lower fat," said Andrew F. Smith, editor of the Oxford Encyclopedia of Food and Drink in America. "But to me the breast is tasteless. I like fat, and most people do. The wings have fat." Yet the high price of wings has also accelerated a development that bothers wing purists: that oxymoron dipped in hot sauce, the boneless wing.

Boneless wings, increasingly promoted by restaurants, are not wings at all, but slices of breast meat deep-fried like wings and served with the same sauces — a bit like a spicy Chicken McNugget.

Buffalo Wild Wings began selling boneless wings six years ago, and the item has grown to 19 percent of sales, compared with 20 percent for regular wings. As wing prices rose and breast prices fell this year, other chains emulated the move. Wingstop, a 450-restaurant chain, began offering boneless wings in all stores this summer. Even Wendy's, which does not sell regular wings, added boneless wings in June.

For wing-centric restaurants, boneless wings are a way to attract customers who may not like the messiness of wings, which have to be chewed off the bone. And with prices upside down, the boneless wings now act as a hedge, with the lower-cost breast meat offsetting higher wing costs.

But wing lovers sneer.

"A wing is a wing, and a wing has a bone," said Anita Freedlander, the owner of Rusty's Family Restaurant and Sports Grille in Tucson, which specializes in wings and does not sell the boneless variety.

Ms. Freedlander said she would most likely be forced to raise prices before the end of the year. Already her ingredient costs have risen to 45 percent of the menu price for wings, well above the 30 to 35 percent that many restaurants favor.

Restaurants pay extra to buy their wings pre-cut. Adam Lippin, the owner of Atomic Wings, a 10-restaurant chain based in New York, paid \$1.70 a pound for wings this month. Last year, he said, his average wing cost was about \$1.10 a pound.

"It's at a really scary kind of place," Mr. Lippin said of the price today.

At the Lion's Head Tavern, near Columbia in Manhattan, the owners recently ended a long tradition of cheap wings on Monday nights.

"The whole idea of the discounted wings is to sell beer," said the co-owner Gust Hookanson. "It became a little too much of a cost."

The story was the same at O'Malleys in Tucson, which last fall had a wing special to go along with "Monday

Night Football.” “We couldn’t afford to do it anymore,” said Rick Cano, the general manager.

Buffalo wings, as they are commonly called, are said to have started in Buffalo in the 1960s, when a bar owner took the unloved chicken parts, cooked them up and added sauce. They have become a classic American finger food — and a standby in bars during football season.

Most experts predict that wing prices will continue to rise at least until the [Super Bowl](#) in February, when a lot of wings are sold and prices peak.

Even afterward, demand looks set to remain strong. Pizza Hut announced this month that it would expand the availability of its wings menu, which it calls WingStreet; in 3,000 stores today, the menu will be added to 2,000 stores in the near future.

Adam J. Scott, a founder of Wing Zone, an Atlanta-based chain with 80 restaurants in 20 states, said the days of cheap wings might be gone forever. That is, unless something changes on the supply side.

“If they can figure out how to grow chickens with four wings,” Mr. Scott said, “we’d be in really great shape.”

John Collins Rudolf contributed reporting.

[Copyright 2009 The New York Times Company](#)

[Privacy Policy](#) | [Terms of Service](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
